



## BILAG 2 EUROPEAN MARITIME PILOTS' ASSOCIATION vzw

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### EMPA POSITION ON COMPETITION IN THE PILOTAGE SERVICE

In recent years EMPA has persistently explained to the European Commission and to Members of European Parliament that pilotage was not a commercial service. Pilots have clearly mentioned in the discussions about the non-followed projects of EU directives about port services that the constraints of general interest of a pilotage service, whose objective is to preserve maritime safety and the protection of environment in ports, are not compatible with a market approach and free competition logic. Therefore **EMPA is strongly opposed to competition between pilot services in a mandatory state pilotage area.**

In the late 19<sup>th</sup> Century, competition was the rule. It was exactly because of poor service levels that Governments decided to ban this and to attribute the service to a **single provider** in the frame of a **regulated organisation**. Today, in every European Member State, Pilotage regulations have established a corps of state-controlled pilots whose competence, knowledge and training has been tested and confirmed. In addition to their service obligations, pilots have a duty of reporting any deficiencies they encounter on board the ships they assist and which could constitute a risk to navigation and/or a threat to the marine environment. Doing this, they fully participate to the mission of preventing maritime accidents organised by the European Union. Pilots are thus not only serving the interests of the piloted ship but also the interests of other maritime traffic, the port and the State.

For reasons of port safety and free circulation of ships in ports, the public service obligations of pilots should be rendered under supervision by a Competent Pilot Authority that guarantees a level playing field including minimum service levels, qualifications of pilots and the pilot dues. The pilot dues must be set by the Competent Authority after consultation with the port users, the port authorities and the pilots' organization. Competition and commercial pressure will only lead to discriminatory "cherry picking" and thus will break the continuity of the overall pilot service in a port.

- Pilots **cannot exercise their independent judgement** under commercial pressure. Their only considerations should be nautical technical with priority to public safety. Pilots must be able to refuse any operation if the safety of it is not guaranteed. In a competitive environment, it is extremely difficult for pilots to maintain their independence; their dependability will shift from the interests of the port community to their sole contractual customers. Pilots who compete for work will do things that they would refuse to do for safety reasons in a non-competitive setting. This leads the way to foreseen accidents.
- With more than one service provider, **the economy of scale is lost**: competing providers do not cooperate, thus doubling the costs for pilot boats expenses, logistics operations... Duplication of expenses is contrary to the public interest and the protection of environment. Opportunities for significant economies of scale reducing the overall costs are missed and competing companies, for making more profits, are not using the best "state-of-the art" equipment but sometimes old, unsafe and non-environmentally friendly ones.



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- Competitive pilotage is by its very nature discriminatory. In economic efficiency terms, competing providers are looking for the more regular (liner), more lucrative (large), easiest work while other traffic will be neglected or delayed. This leads to what is called “**cherry picking**” or “**cream skimming**”. Maybe there will be reduced tariffs for one shipping line but this will be to the disadvantage of other port users who will be neglected. Safe and efficient pilotage should be provided to all port users at all times (European principle of **universality** of the service).
- **Poor human and material resources:** all experiments with competition have shown, in spite of regulation, longer working and shorter rest periods with consequential fatigue induced decrements in performance. For reasons of economy and limited term contracts, there could be pressure to postpone recruitment of new pilots, to reduce training & education to the strict minimum, less recurrent training programs, less incentive to invest in boats and equipment.
- Competition experiments in pilotage may provide an environment for **corruption** to flourish. As there are no regulations of the rates that pilotage companies charge and collect for their services, corruption may occur with the various private organisations siphoning off large percentage to place work with favourite suppliers to the detriment of safety and quality.
- Competition requires a **greater level of regulatory involvement** in pilotage. The burdens placed on the regulatory authorities are much greater with competition than without competition, particularly in the areas of licensing, training and rates<sup>1</sup>. With competition, a greater level of oversight is required to monitor the activities of the pilots to prevent abuses.

With the aim of offering port users a quality service, European seaports need to be able to draw on a pool of skilled and properly trained pilots, because the quality of a pilot service depends above all on the training and experience of the pilots. Competition may endanger the efficient training of pilots as recommended by IMO Resolution A.960.

Therefore EMPA believes competition is not the way to implement a modern, safe and efficient pilotage system in Europe.

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<sup>1</sup> “Competition in Pilotage : the US experience” by Capt. M.WATSON – address to EMPA GM Bremen 2007